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MIDYEAR REVIEW



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SITUATION GENERALLY GOOD IN 1966

Prospects for agriculture in Europe and the Soviet Union are relatively favorable as of midyear 1966 (based on information available as of June 15). Soil moisture conditions are reasonably good in most areas, including the crucial New Lands area of the Soviet Union. In both Western and Eastern Europe, a grain harvest close to the 1965 level is in prospect. A reduced wheat crop in Western Europe because of a smaller sown area will tend to be offset by a larger harvest of feed grains. The grain harvest in the Soviet Union is expected to be substantially larger than the poor crop in 1965.

Other crops are developing favorably, although acreages of some crops have been reduced. The acreage of industrial crops in the Soviet Union was reduced somewhat in 1966. In France, the sugar beet acreage has been reduced by one-fourth. The potato acreage in Europe and the Soviet Union is believed to be about the same as in 1965. A significant decline in the Soviet cotton crop could appear if the recent earthquakes and attendant storms caused major damage to the irrigation network and the crop.

The outlook for livestock appears favorable. Livestock numbers generally are larger than a year ago and prospects for the production of feed and forage are good. However, hog numbers in both Western and Eastern Europe are smaller than a year ago. The Soviet Union began 1966 with substantially larger numbers of cattle, hogs, and sheep than a year earlier. Current evidence suggests that the recent outbreak of foot-and-mouth disease in Europe and the Soviet Union has been contained without great damage to livestock numbers or to the production of livestock products.

GRAINS

At midyear, prospects for the 1966 grain harvest in Western Europe are varied but current expectations are that total production of grain will not differ greatly from the 1965 level. The wheat harvest may be on the order of one-tenth or 4 to 5 million tons less than in 1965, primarily because of a reduction in acreage. However, this decrease in wheat production will be largely, if not entirely, offset by an increase in production of feed grains.

The condition of the grain crops is generally satisfactory in most of Western Europe. The amount of damage from cold weather apparently was slight, except in certain Scandinavian countries. In some areas of Western Europe, excessive moisture was responsible for irregular development of the grain and relatively heavy weed infestation.

The acreage of winter grains over much of Western Europe was reduced because of wet weather during seeding and the early onset of winter. The reduction in acreage was particularly significant for wheat. Attempts to compensate for the smaller acreage of winter wheat were frustrated by rains which interfered with the seeding of wheat in the spring. In France, the official forecast based on June 1 conditions is for a wheat harvest of 12.6 million tons, as compared with the relatively large crop of 14.3 million tons in 1965. Italy's wheat harvest is expected to be down by about one-tenth from the good crop last year although the wheat acreage is virtually unchanged from last year. The area sown to wheat in West Germany is about the same as in 1965. The United Kingdom is expected to have a smaller wheat crop in 1966 than in 1965 because of a reduction in acreage of about one-tenth. Spain is the only major country in Western Europe where the wheat harvest is expected to be substantially larger than in 1965. A harvest exceeding 5 million tons of wheat in Spain is possible due largely to better moisture conditions. Production of wheat in Portugal is expected to be only about half of the exceptionally good harvest in 1965 and the smallest crop since 1947, primarily because of flood damage and a reduction in acreage.

Feed grains appear to have benefited most from the reduction in winter wheat acreage in Western Europe. In particular, the acreage of barley seeded in the spring of 1966 is substantially larger than normal. The barley crop in France is expected, as of June 1, to be about 7.7 million tons, about 350,000 tons larger than in 1965. Production of barley is also expected to increase in the United Kingdom and West Germany because of an expansion in acreage on land not seeded to wheat.

Prospects for the grain harvest in Eastern Europe appear good at this time. In the northern countries (Poland, East Germany, and Czechoslovakia), winter grains--the major food grains (primarily wheat and rye)--benefited from a mild winter and an early spring. Winterkill was relatively light, and generally good soil moisture reserves enhance the favorable outlook for the winter grains.

The area sown to winter grains in Poland, Czechoslovakia and East Germany appears to have been approximately the same as the year before. Some small increase in the acreage planted to wheat is anticipated in East Germany and

Czechoslovakia. The area of winter grains and the distribution among grains in Poland is expected to be about the same as in 1965.

The sowing and development of crops was assisted in these countries by an early spring. Spring arrived from 2 to 4 weeks earlier than normal, but intermittent cold spells and precipitation had some retarding effect. Feed grains, mostly oats and barley, predominate in spring sowings in the northern countries of Eastern Europe. The spring grain area is about equal to that of last year with some increase expected in the share sown to barley. The feed grain situation, which was the major trouble spot in the agriculture of East Germany and Czechoslovakia in 1965, should improve this year.

Dry weather during the fall of 1965 over much of the southern part of Eastern Europe--Hungary, Romania, Bulgaria, and Yugoslavia--resulted in a delay in fall seeding and caused some problems in germination. Also, spring seeding was delayed by a late, wet spring in 1966 in Romania and Hungary. In Yugoslavia, spring crops were sown under generally favorable conditions, and sowing was completed well ahead of schedule. Although there has been some increase in wheat acreage, total grain acreage in the southern countries of Eastern Europe will probably be about the same as in 1965.

The outlook for the 1966 grain harvest in the southern countries of Eastern Europe is reported to be good at this time. The 1965 wheat crop was a record 14.2 million tons, compared to the average of about 11.5 million tons in recent years. Reports indicate a crop well above this average and possibly close to the record of 1965. The corn crop in the region in 1965 was about 16.5 million tons, down sharply from the record of 19 million tons in 1964. The outlook for corn at this early stage of growth indicates an increase over the 1965 level. In Hungary, prospects for the grain crop are less favorable than in Bulgaria, Yugoslavia, and Romania.

The outlook for the grain crop in the Soviet Union in 1966 is generally favorable. The area sown to winter grains was about 4.5 million hectares below plan and about 4 million hectares below last year, primarily because of dry weather at fall sowing time. However, the mild winter and good soil moisture conditions reportedly have resulted in good stands of winter wheat although the rye is not as good. Soil moisture conditions in the European part of the Soviet Union are reasonably good, especially in the Southern Ukraine. Winter grains are expected to benefit from the much increased quantities of fertilizer being applied this year.

An early spring permitted crops to be sown early, in some cases a month ahead of last year, and the outlook for spring grains is also generally good. Soil moisture in the crucial New Lands is generally good this year and considerably better than in 1963 and 1965, years of crop failure. Sowing of spring grains in the New Lands, primarily wheat, was somewhat delayed due to rains in late April and early May, but the resulting moisture will greatly assist the crop.

The planned area for spring wheat in 1966 was overfulfilled by about 5 percent at the end of May, with 48.5 million hectares sown. This above-plan seeding is undoubtedly the result of the generally good soil moisture conditions in the New Lands area. On the whole, the situation as of this time

favors a good wheat harvest. The area of corn for dry grain is expected to be slightly above 3 million hectares and the area in barley is expected to be down compared to last year. A further drop is expected in the area in pulses. Emphasis by the Government on the minor food grains, rice, millet, and buckwheat is expected to be reflected in some increase in areas sown.

In addition to the direct effect of weather on crops in the Soviet Union, the further development of Soviet agricultural policy will undoubtedly play some part in agricultural performance this year. There has been a tendency to reduce the total area sown in order to improve the yield of all crops. The planned reduction in area for spring wheat this year reflects the policy now being advocated of increasing fallow in the New Lands regions in order to stabilize and raise yields.

Great emphasis is being placed upon increased inputs of machinery, fertilizer, and other capital investments and higher prices and incentives to stimulate yield increases and improve performance. In addition to the much increased prices now being paid for food grains, the Government indicated that on July 1, 1966, a system of guaranteed wages for collective farmers would be put into effect. These wages are to be made comparable with wages on state farms for similar work. The Government will finance these wages through loans if the farms are not able to set aside adequate funds for this purpose. Higher incentive wages were also granted to state farm machinery operators.

It appears that the Soviet Government is continuing to place heavy emphasis on agriculture. How these measures will affect the grain crop as well as overall performance this year is impossible to determine, but they undoubtedly will have a favorable impact.

OTHER CROPS

Prospects for the production of crops other than grains in Europe and the Soviet Union are also generally favorable, with reasonably good soil moisture in most areas.

There is a definite indication that the area planted to many industrial crops in the Soviet Union is being reduced in 1966, probably as a result of the present strong emphasis upon grain production and the record levels of output of these crops in the past 2 or 3 years. At the March 1966 Plenum, the output goals for agriculture during the period 1966-70 were announced. 1/ These indicate a general relaxation of emphasis on industrial crops requiring only modest improvements in output. The large increase in fertilizer deliveries to agriculture in the past few years in the Soviet Union and increased prices are undoubtedly being relied on to increase yields of these crops.

The acreage planted to sugar beets in Europe and the Soviet Union in 1966 is expected to be somewhat smaller than in 1965. The planned area for sugar beets in the Soviet Union appears to be about 3.8 million hectares, down

1/ Harry E. Walters, "New Soviet Farm Plan," Foreign Agriculture, U.S. Dept. Agr., March 21, 1966.

slightly from 1965 and considerably below the 1964 area. In France, the acreage of sugar beets has been reduced by about one-fourth because of excess production of sugar in recent years. The sugar beet acreage in West Germany is expected to be about the same as in 1965. On the other hand, the area devoted to sugar beets is expected to increase somewhat in East Germany, Czechoslovakia, and Spain.

The acreage of potatoes planted in 1966 is expected to be about the same as in 1965 in Europe and the Soviet Union. In Spain, the area planted to potatoes probably will be somewhat smaller than in 1965. However, some of the acreage taken out of sugar beets in France may be diverted to potatoes and the acreage of potatoes in Czechoslovakia is believed to have increased somewhat from the 442,000 hectares in 1965. The increase in potato acreage in Czechoslovakia is designed to compensate for the very poor potato crop last year which caused a shortage of potatoes for livestock feed, and necessitated imports of feed grains.

Prospects for cotton in the Soviet Union are for a crop somewhat smaller than in 1965. A significant decline could appear. The planned area for cotton is down to 2.38 million hectares, compared to between 2.44 and 2.48 million hectares in the past 3 years. Also, some shortage of water for irrigating the cotton has been reported. However, the greatest uncertainty with respect to the Soviet cotton crop is the extent of the damage to the irrigation systems caused by the recent earthquakes in Uzbekistan, the heart of the cotton growing area in the Soviet Union. The earthquakes were severe and caused major damage in the region. The quakes were accompanied by strong winds, dust storms, heavy rains, and floods which have been reported to have done additional damage to the cotton crop.

Prospects for the oilseed crops in Europe and the Soviet Union are relatively favorable. The rapeseed area in France is up by one-tenth and the crop promises to be excellent. Prospects for rapeseed in the northern countries of Eastern Europe are favorable, on an area believed to be close to that in 1965. The Polish rapeseed crop is reported to be good with prospects for a crop close to the record in 1965. In the Soviet Union, the planned area of sunflowers for 1966 was only slightly above 4.5 million hectares, as compared with 4.6 million in 1964 and 4.9 million in 1965. This plan, however, has been considerably overfulfilled--as of the end of May, 4.7 million hectares had been sown. So far, conditions for the growth of sunflowers in the Soviet Union appear to be good.

The olive crop in 1966 in the European part of the Mediterranean area reportedly will be larger than in 1965. The olive crop in Italy and Spain, the 2 major producers in Europe, is expected to be about one-third greater than in 1965. Portugal also is expected to have a larger crop, but the olive crop in Greece is expected to be significantly less than in 1965.

The citrus crop in Western Europe is not expected to be greatly different from that in 1965. In Spain, the crop is expected to be nearly one-third larger than in 1965 because of abundant flowering throughout the major producing areas. This increase in citrus output in Spain probably will tend to be offset by a decrease in the crop in Italy and Portugal. Destructive storms in early February in Sicily apparently did considerable damage to the citrus

groves. Prospects for the citrus crop in Portugal are not good because of high spring winds and the high incidence of disease.

Tobacco production in Greece is expected to be down somewhat due to reduced plantings of the oriental type. Despite a small reduction in planted area, the crop in Italy is expected to exceed the 1965 level when unfavorable weather adversely affected yields. The blue mold found in Greece is not considered serious because of the lateness of the outbreak. So far, blue mold has not appeared in Italy. The plan for planting tobacco in Bulgaria has been overfulfilled by 5 percent. No information is yet available on the acreage planted to tobacco in the Soviet Union this year.

LIVESTOCK

The outlook for livestock appears quite favorable in Europe and the Soviet Union. Livestock herds at the beginning of 1966 generally were larger than those of a year earlier. The arrival of spring in 1966 permitted earlier than normal grazing of livestock, and prospects for the production of feed and forage during the 1966 crop season appear rather favorable.

The increase in cattle numbers in Europe and the Soviet Union during 1965 ranged from an average of about 2 percent in the East European countries to a high of about 7 percent in the Soviet Union. Cattle in Western Europe at the beginning of 1966 numbered about 86 million head, an increase of 2.6 percent during 1965. The average increase in cattle numbers in the EEC countries during 1965 was slightly higher than the average for the other countries of Western Europe. Within the EEC, the increase in cattle numbers ranged from a little over 1 percent in France to a high of about 5 percent in West Germany.

The number of hogs in Europe in early 1966 was almost 4 percent less than a year earlier; in the Soviet Union, the number increased by about one-eighth. Despite sharp increases in the past two years, hog numbers in the USSR still have not fully recovered from the effects of the 1963 crop failure. The decrease in numbers in Western Europe during 1965 was about 2 percent; in Eastern Europe, the decrease was over 6 percent. The decline in Western Europe is the result of a normal downswing in the hog cycle coupled with the outbreak of foot-and-mouth disease in 1965. In addition to these factors, a relatively poor feed situation contributed to the decline in hog numbers in Eastern Europe.

The number of sheep increased slightly during 1965 in the Soviet Union and in Eastern Europe but remained largely unchanged in Western Europe.

Better than normal weather in Europe and the Soviet Union during the winter and spring of 1965/66 should aid the development of livestock during 1966. In general, the winter weather was not severe. The abundance of precipitation over most of Western Europe has facilitated the growth of pasture and forage although excessive moisture may have somewhat delayed grazing in certain areas. The growing of barley and corn on much of the area which was intended for wheat will further improve the production of livestock feed in Western Europe.

In Eastern Europe, prospects for development of livestock during 1966 are much better in Poland and East Germany than in the countries to the south. Poland and East Germany began the year with generally good supplies of feed but some decline in livestock product output is expected in Czechoslovakia, at least during the first half of the year, because of insufficient feed supplies from the 1965 crop.

Prospects for livestock in the Soviet Union are brighter than in either Eastern or Western Europe. As mentioned above, livestock numbers at the beginning of 1966 were substantially larger than a year earlier. The purchase of livestock and milk by the Government and industrial production of livestock products were above planned levels during the first quarter of 1966. Spring arrived early, by as much as a month in some areas, permitting early grazing. Conditions for the production of livestock feed during the 1966 crop season currently appear favorable. Emphasis is being given to improving pastures and restoring the area in perennial and annual grasses. These conditions are further assisted by the large price increases for livestock products in the Soviet Union introduced in 1965.

Foot-and-mouth disease was quite widespread throughout Europe in late 1965 and early 1966 but current evidence suggests that the outbreak has been contained. Death losses were relatively small and meat and milk production were maintained at satisfactory levels. Costs of controlling the disease and the loss of export earnings have been greatest for The Netherlands, West Germany, and Switzerland. Available information indicates that in the Soviet Union a combination of a relatively good feed supply and control measures has been successful in limiting the impact of the disease thus far.

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